



DEPARTMENT OF VETERANS AFFAIRS
Regional Office
210 Franklin Road S.W.
Roanoke, VA 24011

May 23, 2005

LOAN GUARANTY INFORMATION LETTER #26-05-03

In Reply Refer To:

314/261

TO: ALL LENDERS, HOLDERS AND SERVICERS

SUBJECT: EXPENSES FOR PRESERVATION OF SECURITY & LIQUIDATION -
GI LOANS

1. The charging of a fee by holders or the servicing agents for performing various services, in connection with events not within the normal realm or usual scope of servicing involved in mortgage transactions, is controlled by the terms of the loan agreement and are determined by the parties involved. Such charges are not precluded by 38 U.S.C. nor by VA regulations, however, VA expects any such charges to be reasonable in amount when considering the work and expense incurred by the provider, and the amount must be in line with the amount customarily charged in the locality.

The amounts in this bulletin represent the **maximums** that VA will reimburse for claims submitted under guaranty, for preservation of security/liquidation in the following jurisdictions: Kentucky, Virginia, West Virginia, Maryland, and the District of Columbia. Reimbursable appraisal fees for the District of Columbia also includes Montgomery and Prince George counties in Maryland; and Arlington, Fairfax, Prince William, Loudon, Spotsylvania, and Stafford counties in Virginia.

2. When determined that a property has been abandoned, the loan holder will be reimbursed for expenses involved in securing the property, subject to the following limits, without prior approval:

- a. **Locks**: Installation of a new lock, in the event the existing lock will not properly secure the door: **\$50.00**

- b. **Boarding**:

- (1) **Windows**: Those properties located in a highly vandalized area, or that have previously been vandalized and are open to the elements, will be secured. Specifications are to cover the openings with plywood, bolted from the inside with two 3/8" x 12" bolts and two 2X4's. Lenders may be reimbursed **\$28.00** per opening.

- (2) **Doors**: Standard door opening: **\$50.00**. Patio door: **\$55.00**.

c. **Maintenance:**

1. **Property clean-ups:** If required, will be authorized reimbursement of **\$60.00**.
2. **Hauling debris:** house **\$70.00**; townhouse **\$35.00**.

d. **Grass Cuttings:** Grass cutting will be performed only as needed during the growing season March through October. Large lot: **\$75.00**. Standard lot: **\$45.00**. Townhouse lot: **\$25.00**, if not included with HOA fee.

e. **Winterization:** A standard winterization fee will be reimbursable, unless the property has a hot water (boiler) heating system (base board, radiator, etc). **Normally, winterization will only be performed between October and March.** Standard (dry): **\$60.00**. Boiler (wet): **\$80.00**.

f. **Property Inspections:** Monthly property inspections may be reimbursed at a rate ***not to exceed \$15.00*** per visit.

g. **Swimming Pools:** Immediate attention should be given to all swimming pools found on vacant properties. As a general rule, **only above-ground** pools should be drained. Fence doors/gates must be padlocked and the pool securely covered. Reimbursable maximum fees are determined by the size of the pool. They are: small (less than 200 SF), **\$300.00**; medium (200-359 SF), **\$400.00**; large (360-512SF), **\$500.00**; and extra large (more than 512 SF), **\$600.00**. Empty or partially drained in-ground pools with cracked and buckled walls should be filled with gravel, in lieu of covering.

3. Liquidation Fees:

a. ***Attorney Fees:** Attorney fees, in connection with foreclosure sales and voluntary conveyances, will be reimbursed as follows:

- **Kentucky** - **\$850.00**;
- **D.C.**, (including Northern Virginia counties) - **\$600.00**
- **Remainder of Virginia** - **\$600.00**;
- **West Virginia** - **\$550.00**
- **Maryland** (entire state) - **\$800.00**;

In these jurisdictions, the reimbursable foreclosure attorney fees includes notary's fees, trustee's commission (or statutory fees), and auctioneer fees (if applicable).

The reimbursable amount for voluntary conveyances (deeds-in-lieu of foreclosure) is **\$325.00**. We will also reimburse up to **\$450** for obtaining relief on Chapter 7 bankruptcies, up to **\$650** for relief from Chapter 11/13 bankruptcies, and up to **\$250** for additional/multiple releases.

*The total amount of reimbursable attorney/trustee foreclosure fees on any one case is limited by regulation 38 CFR 36.4313(b) to **\$850.00**, regardless of the number of foreclosure attempts/fees paid by the holder.

b. **Other liquidation expenses** (as applicable):

• <u>Court costs/filing fees:</u>	Actual cost
• <u>Advertising:</u>	Actual cost
• <u>Recording fees:</u>	Actual cost
• <u>Tax & Water liens:</u>	Actual cost
• <u>Commissioner of Accounts:</u>	Actual cost
• <u>Grantor's tax:</u>	Actual cost
• <u>Required Certified mail:</u>	Actual cost
• <u>Auditor's fee:</u>	Actual cost
• <u>Auctioneer's fee</u>	\$125.00
• <u>Recording fees:</u>	Actual cost
• <u>Judgment reports:</u>	Actual cost
• <u>Lien sheet:</u>	Actual cost
• <u>Title exam:</u>	\$150.00 (FC); \$50.00 (DIL)
• <u>Trustee bond:</u>	½ premium
• <u>Liquidation appraisal (single family):</u>	\$400.00 -MD
	\$400.00 -DC
	\$400.00 -VA/WVA
	\$325.00 –Kentucky
	(Jefferson & Warren counties; and cities Louisville, Lexington, and Bowling)
	\$375.00 –Remainder of
	Kentucky

4. All claims under guaranty **must** include a paid receipt and show the date the services were performed. In unusual or questionable circumstances, servicers/holders should contact this office at (800) 933-5499 or e-mail **VAVBAROA/RO/LS@vba.va.gov** for clarification.

5. Should expenses be incurred as a result of city or county code violations, a copy of the code violation and an invoice indicating the date work was performed, and any related expenses, must be submitted with the claim under guaranty. Additionally, holders/servicers must certify that the work has been completed satisfactorily.

6. Prior approval is not required and will not be given. If an item is not mentioned in this bulletin as allowable or there are unusual circumstances that support additional expense, you may submit complete information to justify the additional expense with the "Claim Under Guaranty" and request reimbursement at that time. The holder has the responsibility to preserve and protect the security for the loan. The decision as to what action to take to preserve and protect the security is the holder's decision, and it is

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independent of the amount of the costs that VA will reimburse. If the holder fails to exercise its responsibility, it risks receiving "no amount specified" foreclosure advice, claim adjustment, VA's refusal to accept custody, etc.

7. It is not the intent of the VA to attempt to regulate the amounts that lenders may pay for the services performed. The purpose of this letter is to set forth our policy, with respect to the amounts of such services that may be included in claims under guaranty submitted to the Roanoke Regional Loan Center.

8. This letter supersedes Loan Guaranty Information Letter 26-04-08.

REMINDER: The Roanoke Regional Loan Center has a web site. Our URL is: '<http://www.vba.va.gov/ro/Roanoke/rlc>'. This information letter is available as a download from our web site.

/s/

DAVID J. DAVIS
Loan Guaranty Officer